



CITY OF ATLANTA, DEPARTMENT OF FINANCE 2018 FISCAL CONDITION OF THE CITY

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AGENDA

Introduction

Economic Outlook

Operating Budget Development

Budget Development

Fiscal 2016 Results

Revenues

Expenditures

Atlanta Budget Explorer

Non-Departmental

Trust Fund

Debt & Investments

Q&A



ECONOMIC OUTLOOK



ECONOMIC OUTLOOK: CITY OF ATLANTA



- Atlanta Metropolitan Statistical Area (MSA) economy will continue to grow but at a slightly lower rate: the gross metro product is expected to grow by 3.0% in 2017 vs. 3.7% in 2016
- Atlanta MSA personal income is projected to grow faster than last year: 5.2% for 2017, vs. 4.3% in 2016
- Atlanta MSA housing market continues to respond to favorable real estate market conditions
- Atlanta MSA housing permits are projected to grow by 16.1% in 2017, following 21.0% growth in 2016
- Atlanta MSA unemployment rate is projected to decline to 4.6% in 2017, down from 5.0% in 2016



Source: The Selig Center, Terry College of Business. The University of Georgia, 12/20/2016.

METRO ATLANTA – DEMOGRAPHIC & ECONOMIC OUTLOOK



- Atlanta MSA population growth and housing recovery will underpin the City's ongoing economic recovery
 - A high concentration of service producing industries, IT companies, distribution companies, institutions of higher education, health care providers, life sciences companies, and headquarters operations will keep the job machine in forward gear
 - On an annual average basis, the Atlanta MSA is projected to add 55,700 jobs in 2017, a year-over-year increase of 2.1%
- Compared to other large metropolitan areas with strong links to global markets the costs of living and doing business in Atlanta are low
- Atlanta is not heavily dependent on federal employment, only 3.0% of Atlanta's nonfarm earnings come from federal employment versus 5.8% for the State
- State and local government accounts for only 9.0% of earnings in the Atlanta MSA versus 11.7% for the State

ATLANTA HAS 16 FORTUNE 500 COMPANY HQS



ATLANTA RANKS
THIRD IN THE
NATION FOR THE
NUMBER OF
FORTUNE 500
COMPANIES
HEADQUARTERED
WITHIN THE
ATLANTA MSA

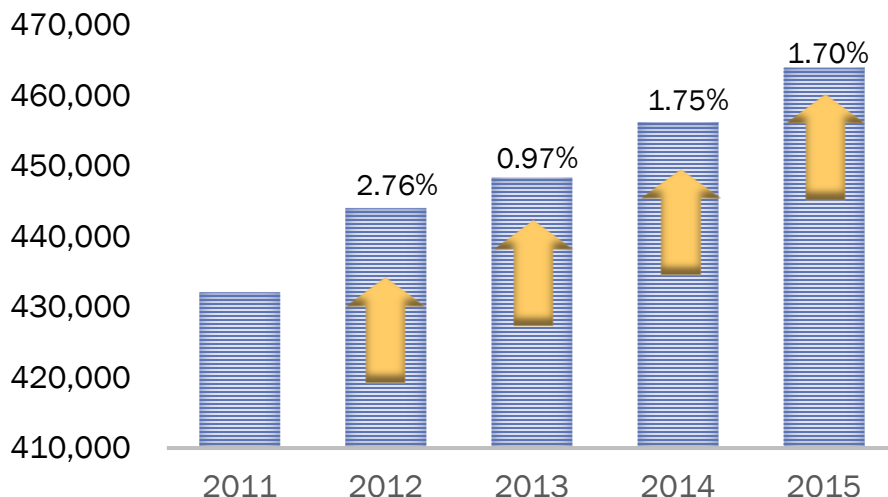


ATLANTA STATISTICS



Population/Growth Rates

The City of Atlanta's population has been increasing consistently since 2011. The City is poised to benefit from national trends of population shifting from suburbs and exurbs back to urban cores - driven by transportation costs, traffic congestion, and a renewed interest in urban living which is particularly prevalent in the Atlanta metro region.



Source: U.S. Department of Commerce, Bureau of the Census, Population Estimate Program

Employment by Industry

Employment within the Atlanta MSA is spread amongst various industry categories with less than 25% concentrated in any one industry. For December 2016 data, over 90% of employment was concentrated in 6 major categories.

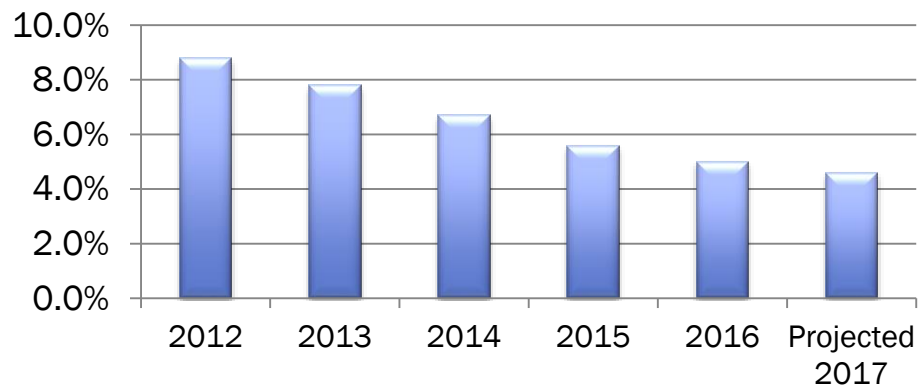
Industry	Percentage of Total Employment
Trade, Transportation and Utilities	22.20%
Professional, Business Services & Information	21.19%
Government	12.54%
Health Services	12.53%
Leisure and Hospitality	11.39%
Manufacturing & Construction	10.81%
Financial Activities	6.16%
Other Services	3.19%

Source: Georgia Department of Labor Area labor Profile - Atlanta MSA - Updated December 2016

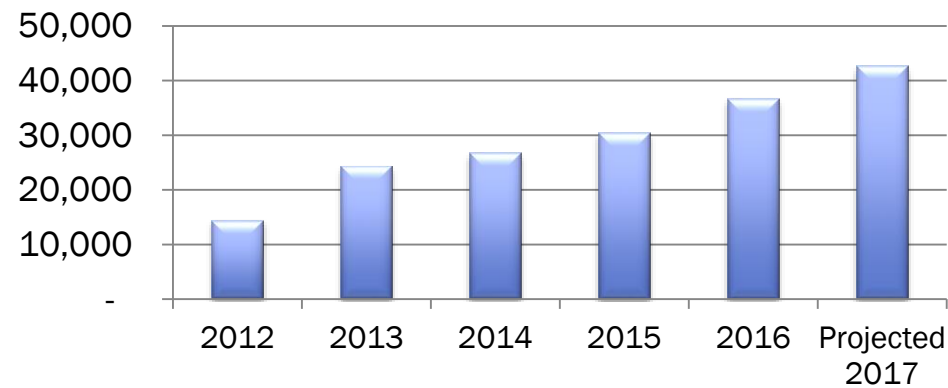
ATLANTA STATISTICS



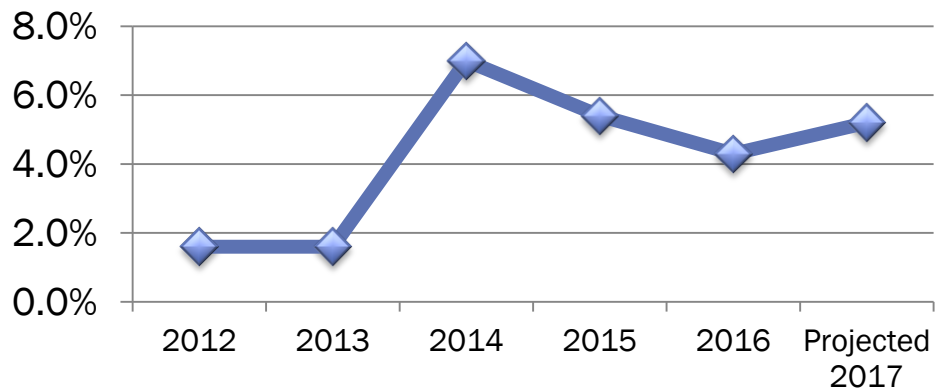
UNEMPLOYMENT RATES



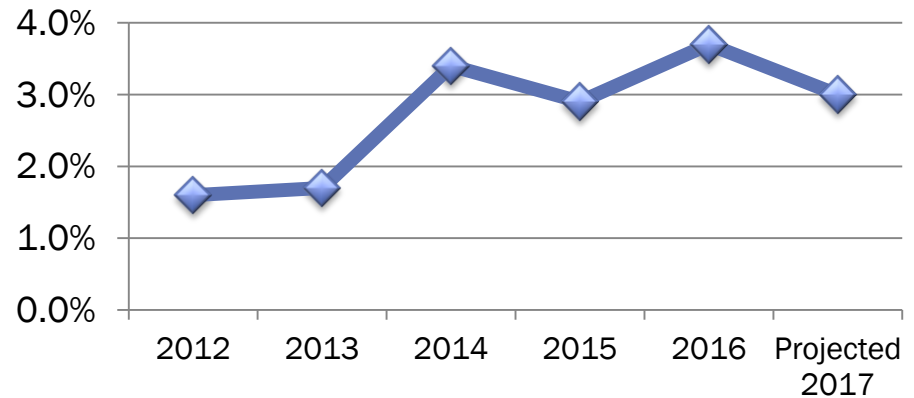
HOUSING PERMITS



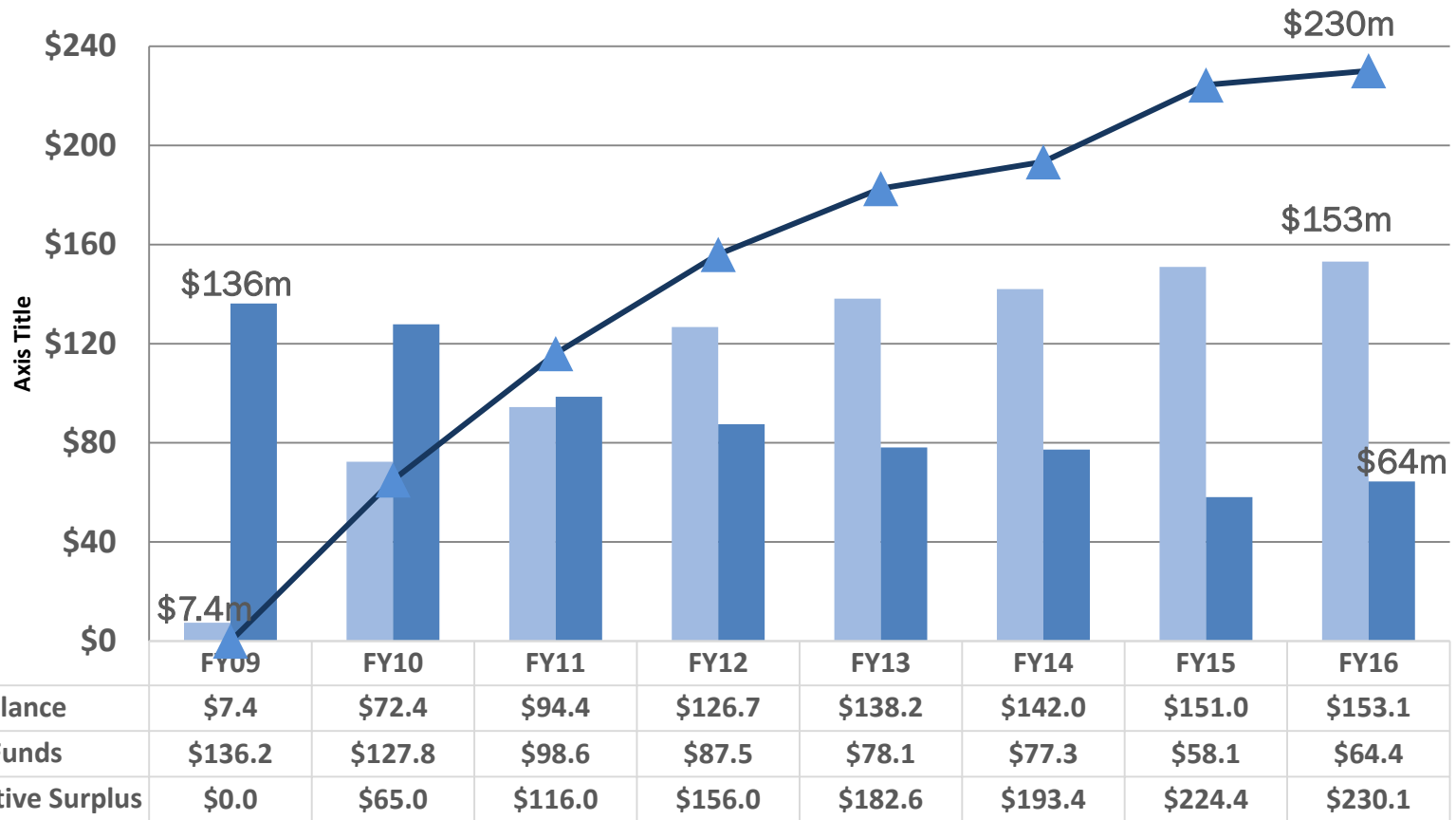
% CHANGE PERSONAL INCOME



% CHANGE GROSS METRO PRODUCT



FUND BALANCE AND DEFICIT FUNDS



Operating surpluses have led to a 53% reduction in fund deficits and restored fund balance to record levels

OPERATING BUDGET DEVELOPMENT



APPROACH: USE STRATEGIC GOAL FOCUSED BY GUIDING PRINCIPLE AND ENABLED BY CAPABILITIES



Guiding principle:

Committed to structurally balanced budget (i.e. – balanced without using reserves)



Strategic goal:

Deliver high priority investments in core, constituent-focused operations



Enabling capabilities:

Operational efficiency

Investment optimization

Fiscal discipline

GOAL: DELIVER HIGH PRIORITY INVESTMENTS IN CORE, CONSTITUENT-FOCUSED OPERATIONS



Public safety

- ✓ Community Oriented Policing
- ✓ Technology
- ✓ Code enforcement

Infrastructure

- ✓ Sustainable infrastructure maintenance
- ✓ Resilient transportation strategies
- ✓ Parks and trail maintenance

Human Capital and Youth Development

- ✓ Homelessness and Affordable housing
- ✓ Programming and training
- ✓ Facility investments and improvements

Investments focus on core priorities, sustain commitments from prior years, and align with Council and constituent priorities

COSTS: REQUESTS THAT HAVE OR WOULD HAVE CONTRIBUTED TO INITIAL FY18 DEFICIT PROJECTIONS



Incremental cost increases
legislated by Council (\$21M total)

Public Safety compensation
increases (\$16M)

Infrastructure maintenance
increase (\$5M)

Other non-discretionary cost and
revenue mandates (\$25M total)

Pension

Utilities

Fuel and fleet

Healthcare

Revenue changes

We worked to deliver a structurally balanced budget that addresses these requests while still enabling priority investments

OUTCOME: DELIVERED A PROPOSED BALANCED BUDGET WITHOUT USING RESERVES



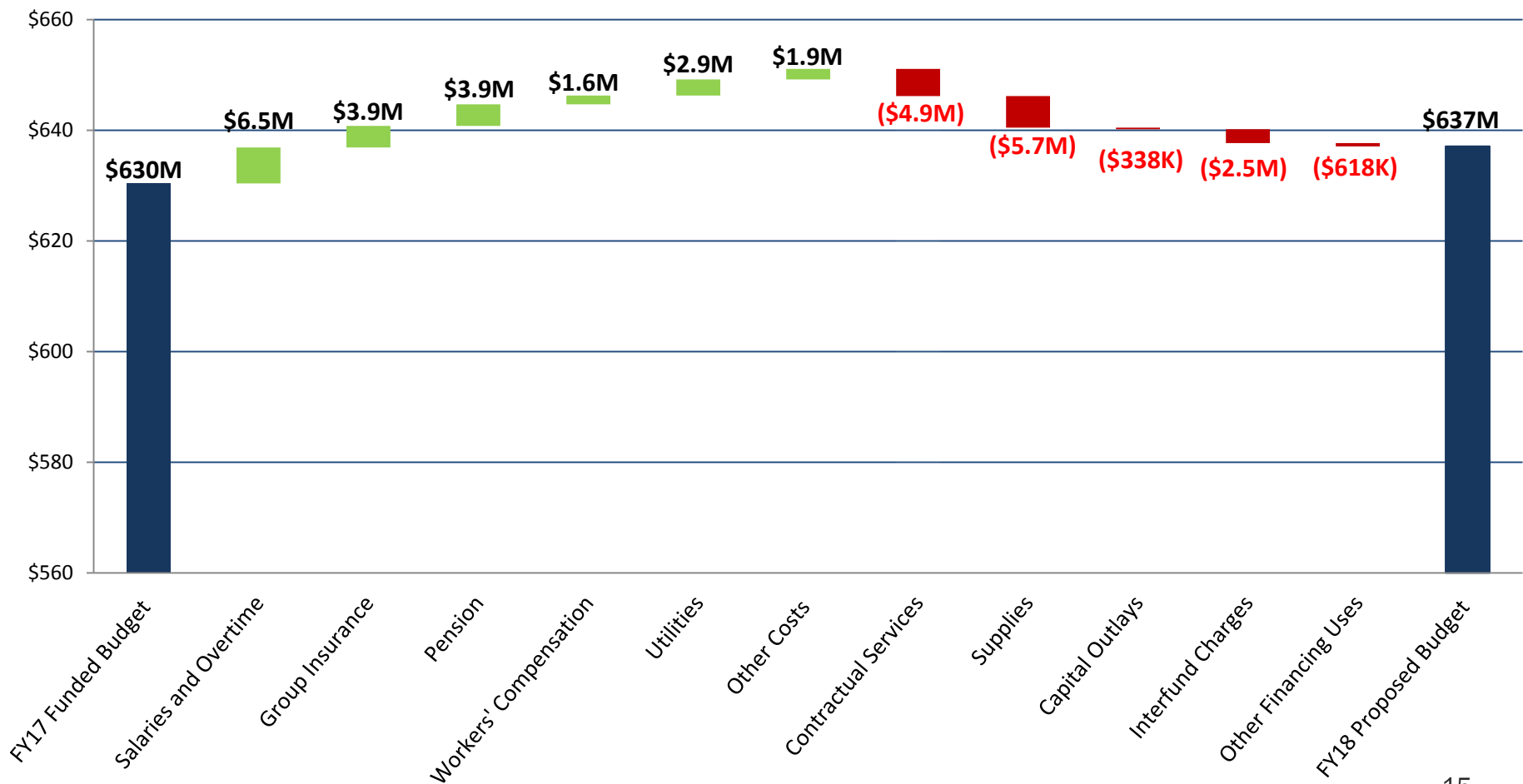
Actions taken to enable investments, prevent deficit, and propose balanced budget:

- Identified new potential sources of revenue and examined collection levels across existing revenue sources
- Defunded non-sworn positions vacant for 6 or more months citywide (excluding City Council)
- Removed funding for one-time expenses budgeted in FY17
- Identified opportunities for increased spend efficiency by consolidating and optimizing spend on contracts, utilities, services, and other areas
- Required departmental budgets in specific categories to be **based on actual spend**

THE FY2018 PROPOSED BUDGET IS \$637M



Changes from FY2017 Funded Budget to FY 2018 Proposed Budget



REVENUES



THE CITY'S REVENUE MODEL – MUNICAST



- S&P/Case-Shiller Home Price Indices
- Bureau of Labor Statistics – Unemployment Rate
- Bureau of Labor Statistics – Consumer Price index
- Local GDP Data
- Hotel Occupancy Rates
- Building Permit information
- Secretary of State – New corporation data
- County Data – Tax Digest
- Population census

GENERAL FUND REVENUE ASSUMPTIONS

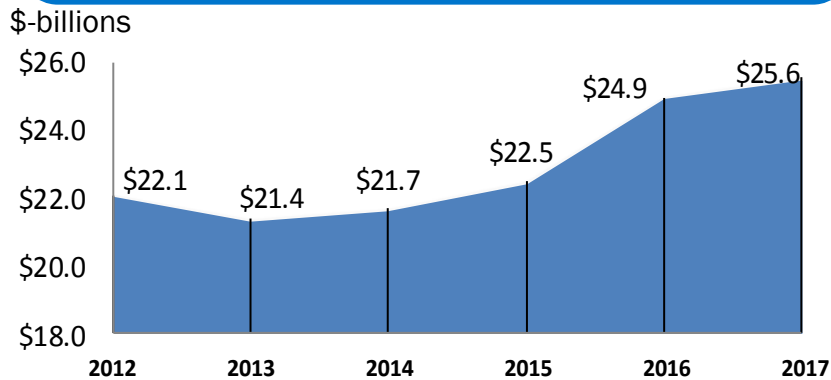


- An estimated property tax increase of ~1.5% (new construction) after roll-back for reassessments
- Dollar value of one mill is projected at \$20.7 million in FY17 compared to \$16.7 million in FY13
 - Due to property tax millage rate roll-backs from FY14 to FY17, the City has reduced the tax burden to our citizens by \$65.8 million
- Sales tax revenue growth is forecasted at 1.1% and is closely correlated with the gross metro product and personal income trends

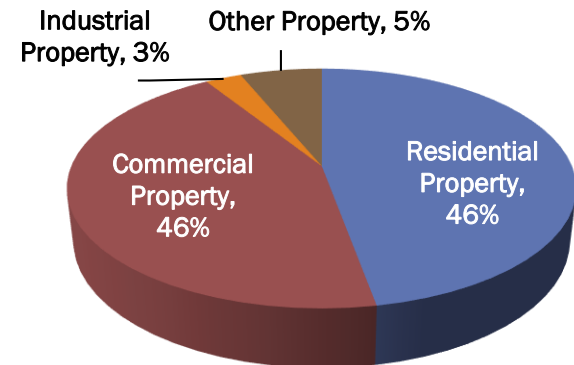
TAXABLE PROPERTY VALUES



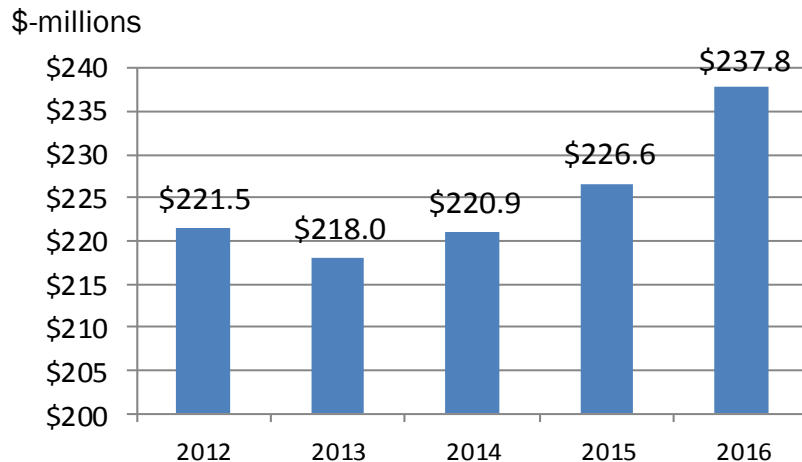
TAXABLE ASSESSED VALUE (FY 2012 – FY 2017)



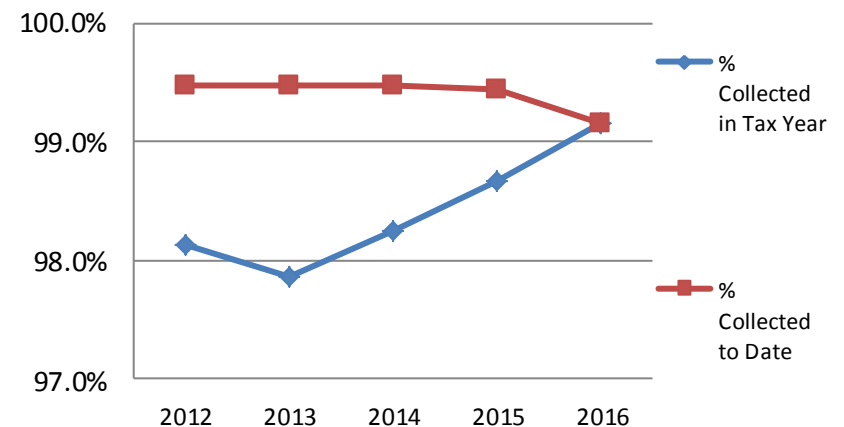
TAX BASE BY LAND USE (FY 2017)



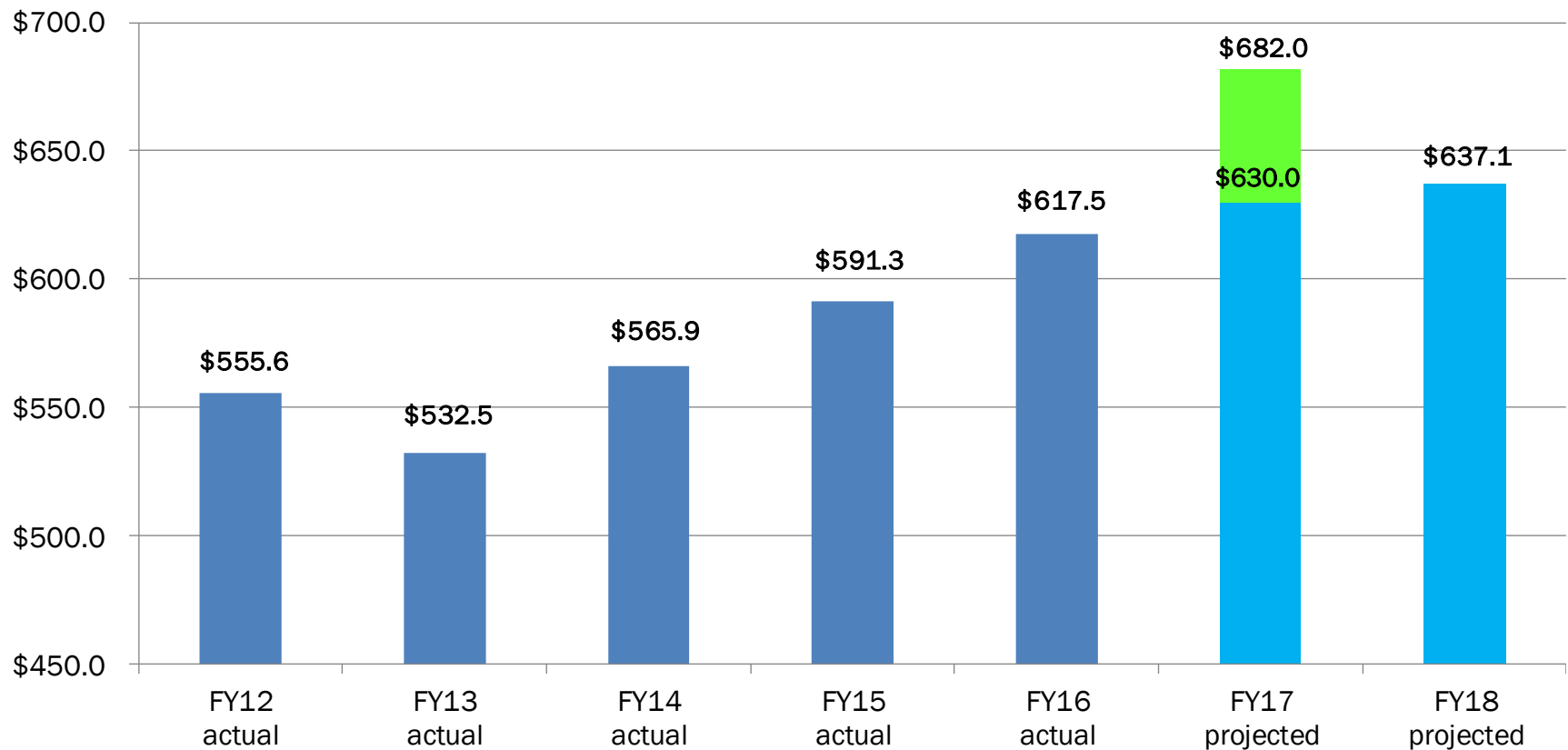
ACTUAL TAXES COLLECTED (FY 2012 – FY 2016)



ACTUAL TAX COLLECTION RATES (FY 2012 – FY 2016)



REVENUE ANTICIPATIONS OVERVIEW



NOTE: FY 2017 Includes Building Permit Revenues and fund balance transfer of \$52 million

REVENUE ANTICIPATIONS OVERVIEW



\$ millions	FY2016 ACTUALS	FY2017 REVENUE BUDGET	FY2018 PROPOSED BUDGET	BUDGET FY17 vs. FY18	% CHANGE FY17 vs. FY18
PROPERTY TAXES	\$193.22	\$194.68	\$200.42	\$5.74	2.95%
PUBLIC UTILITY, ALCOHOLIC BEVERAGE AND OTHER TAXES	\$108.69	\$109.38	\$103.91	(\$5.47)	(5.00%)
LOCAL OPTION SALES TAX	\$103.52	\$104.32	\$105.39	\$1.07	1.03%
LICENSES AND PERMITS	\$78.45	\$100.33	\$106.18	\$5.85	5.83%
OTHER REVENUE	\$17.24	\$10.88	\$6.33	(\$4.55)	(41.82%)
CHARGES FOR CURRENT SERVICES	\$10.23	\$5.04	\$4.66	(\$0.38)	(7.54%)
FINES/FORFEITURES & PENALTIES	\$24.39	\$28.02	\$28.11	\$0.09	0.32%
BUILDING RENTALS & CONCESSIONS	\$7.41	\$8.28	\$13.19	\$4.91	59.30%
INDIRECT COSTS	\$36.81	\$32.77	\$31.43	(\$1.34)	(4.09%)
HOTEL/MOTEL	\$18.20	\$16.81	\$17.54	\$0.73	4.34%
PILOT & FRANCHISE FEES	\$19.39	\$19.89	\$19.98	\$0.09	0.45%
GRAND TOTAL	\$617.55	\$630.40	\$637.14	\$6.74	1.07%

GRANTS REVENUE



OFFICE OF GRANTS SERVICES



- Allocates federal entitlement funds to maximize assistance to those in need, particularly low and moderate-income individuals/families
- Each year, the City details priority areas in its Annual Action Plan (AAP) for consideration by the US Dept of Housing and Urban Development (HUD)
- Requests of the following federal entitlement grants are made
 - Community Development Block Grant (CDBG)
 - HOME Investment Partnerships Program (HOME)
 - Housing Opportunities for Persons with AIDS (HOPWA)
 - Emergency Solutions Grant (ESG)
- HUD determines the amount of each entitlement grant by a statutory dual formula which uses several objective measures of community needs, poverty, population, housing overcrowding, age of housing and population growth

PROGRAMS FUNDED



Funded programs address some of the City's most critical needs:

- Homelessness and supportive services
- Affordable housing
- Neighborhood revitalization
- Economic development
- Public facilities and services

ENTITLEMENT GRANTS



CDBG & HOME

- Conserve and expand affordable housing
- Increase access to affordable housing
- Single family rehab for senior homeowners
- Support economic development efforts that benefits low/moderate citizens
- Improve accessibility to those with disabilities
- Assist homeless persons to move towards stable housing
- Assist low/moderate persons to avoid homelessness and remain housed

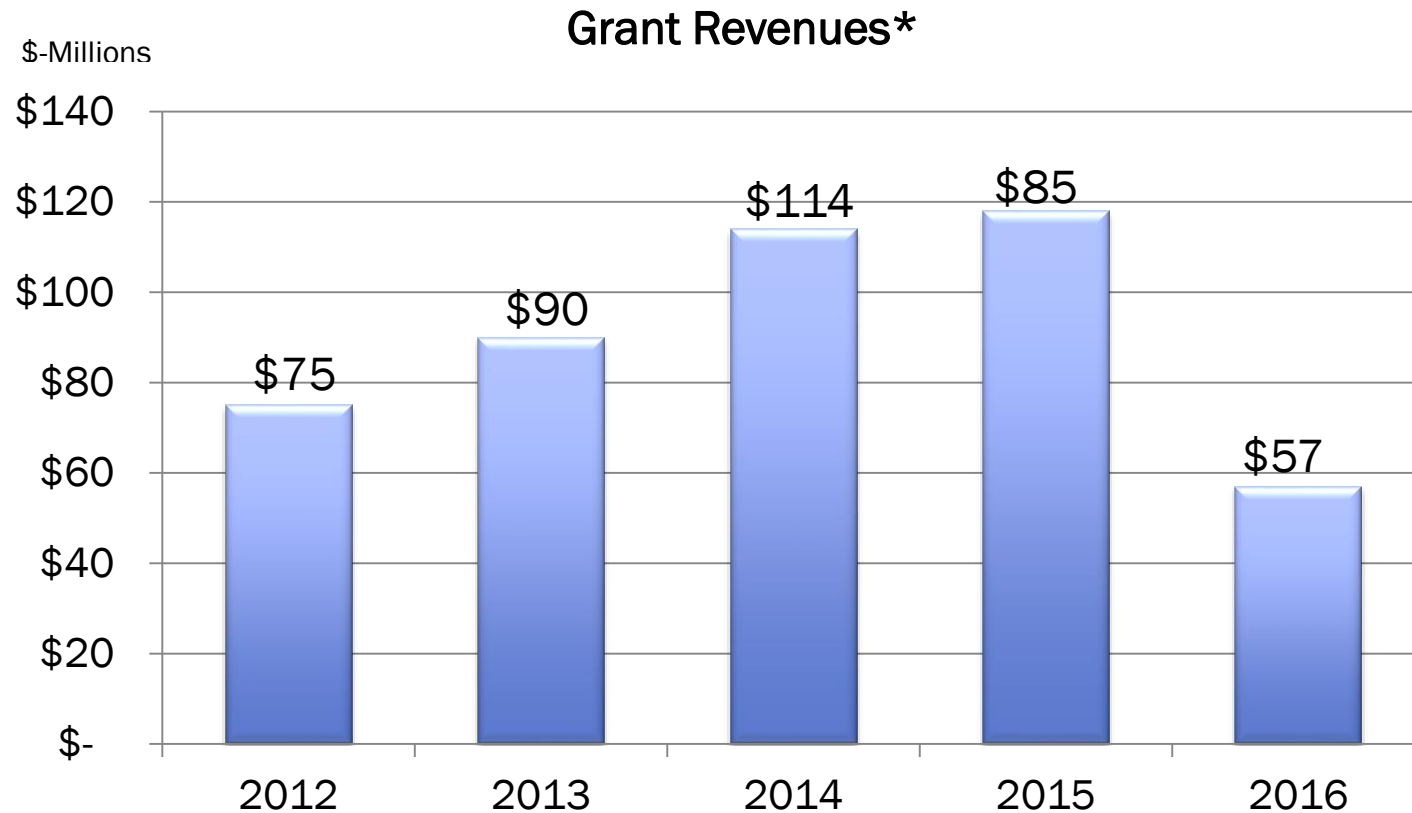
HOPWA

- Serves the 29 metropolitan counties for persons living with HIV/AIDS
- Transitional housing, tenant based rental assistance, short term rent, mortgage, utility assistance, health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services.

ESG

- Street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and data analysis

TRENDING GRANTS REVENUE

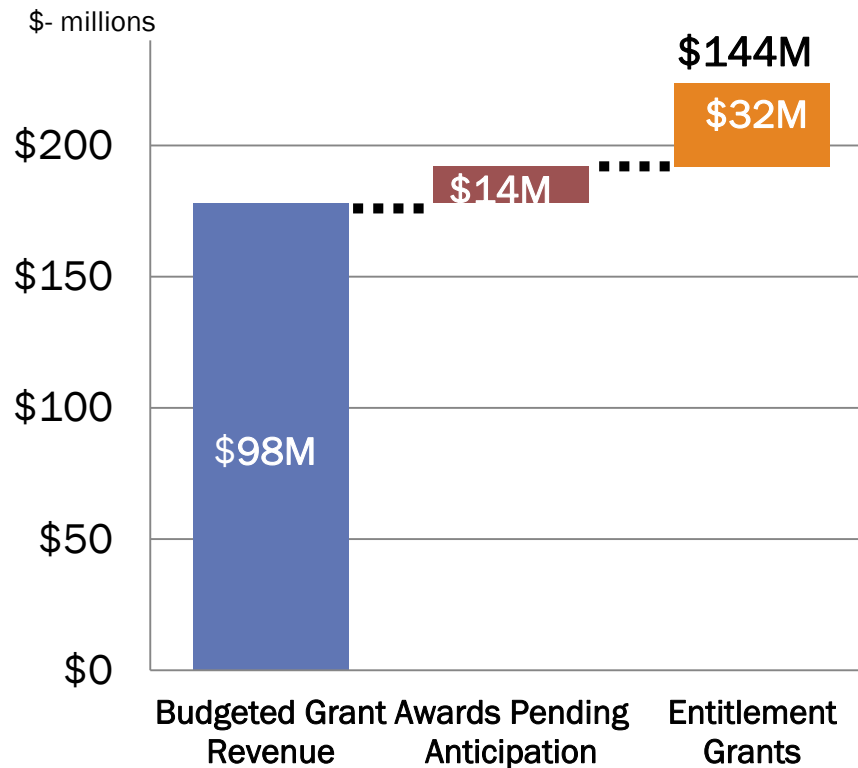


*Excludes Airport FAA grants

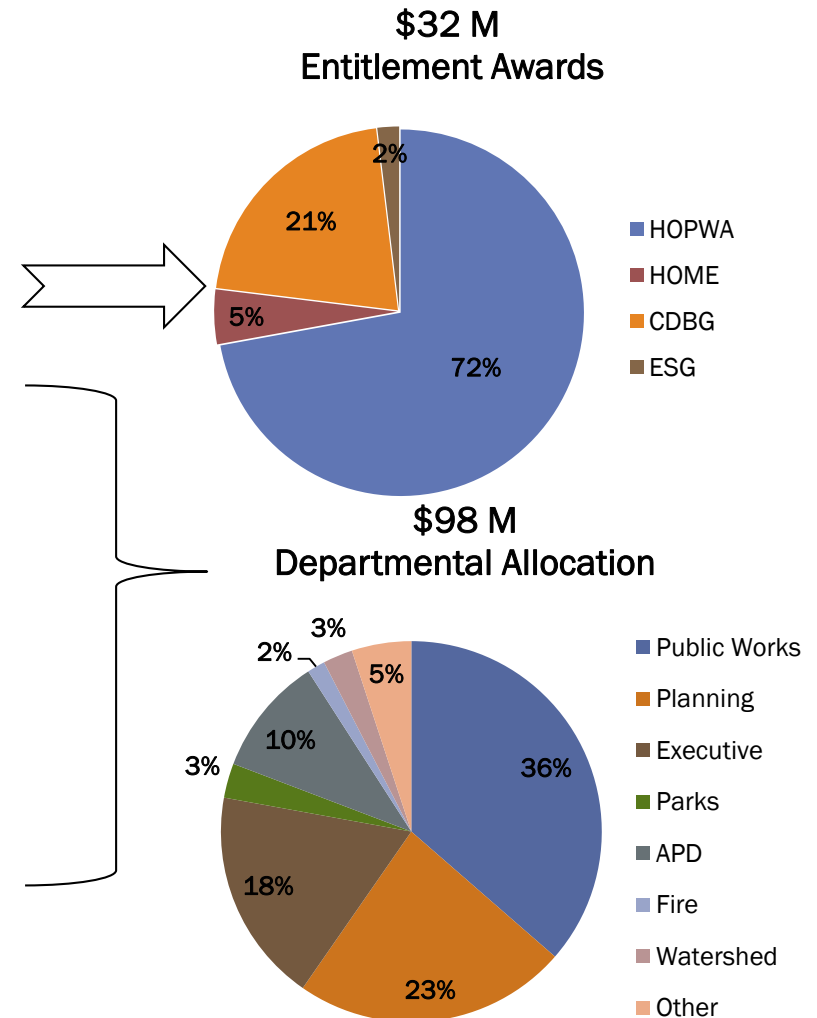
GRANTS REVENUES OVERVIEW



FY 2018 Grants Revenue*



*Excludes Airport FAA grants



EXPENSES



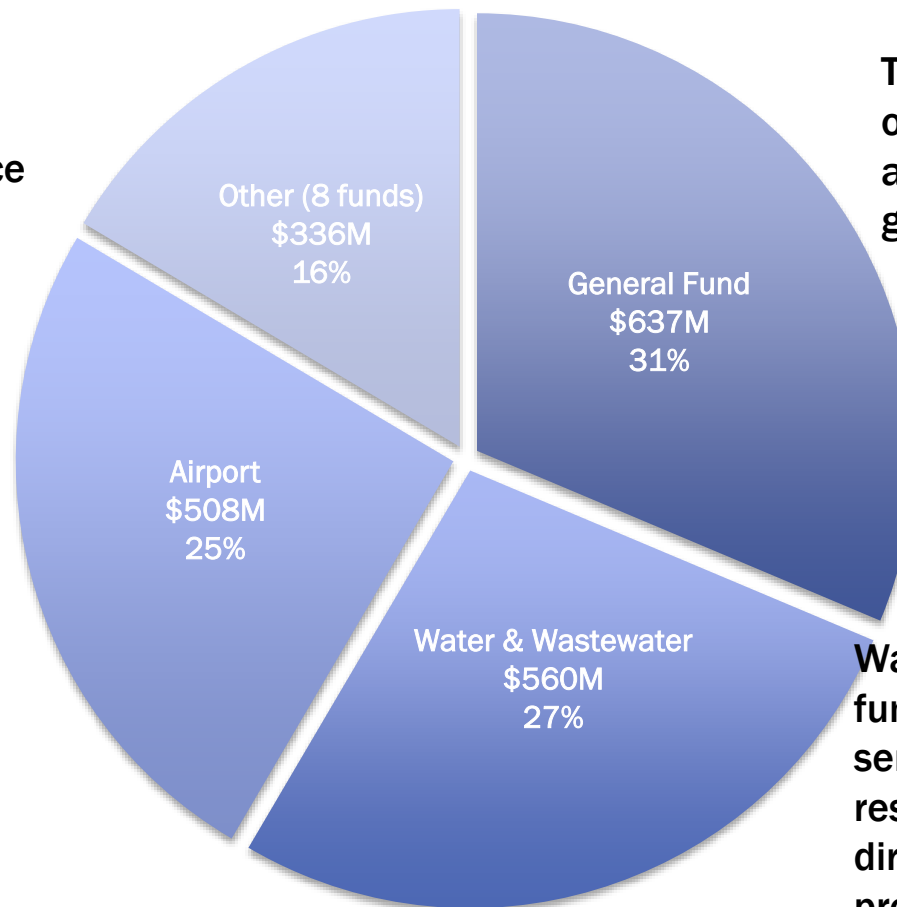
FY2018 TOTAL OPERATING BUDGET



The City of Atlanta's Total Proposed FY18 Operating Budget is \$2.0B

***Other funds include
City Plaza, E911, Solid
Waste, and Fleet Service**

**The City's main
operating fund;
accounts for all general
government functions.**



**The Airport is funded by
gate fees, concessions,
PFC's, CFC's Funding
uses are strictly
controlled by the FAA.**

**Waste & Wastewater is
funded by charges for
services and the MOST;
residual revenue is
directed to its capital
program.**

EXPENDITURE ASSUMPTIONS



8% increase in citywide
Natural Gas and
Electricity increased by
10% for the General
Fund.



**Fleet Services remained
flat in FY18;** There are no
projected increases as the
Department determines
how to gain efficiencies.



**Workers'
Compensation is
projected to increase
by \$1.6MM** from the
prior year to
\$11.5MM in FY2018.



**5% increase in traffic
signals and street lights**
based on the total
FY2016 utilization.



**The Water and Sewer
budget is projected to
increase 2%** based on the
total FY2016 utilization.



**Pension Rate to meet
the FY2018 A.D.C.**

General: \$57.9MM

Police: \$34.2MM

Fire: \$22.0 MM

GENERAL FUND BUDGET EXPENDITURE COMPARISON BY DEPARTMENT



\$ millions DEPARTMENT	FY16 ACTUALS	FY17 FUNDED BUDGET	FY18 PROPOSED BUDGET	FY17 vs. FY18
City Council	8.34	12.16	11.22	(0.94)
Executive Offices	46.29	35.19	33.79	(1.39)
Management	30.37	28.42	27.39	(1.03)
Department Of Law	6.04	6.11	6.86	0.76
Department Of Corrections	35.20	33.46	33.37	(0.10)
Department Of Finance	12.64	14.25	15.56	1.30
Department Of Procurement	1.66	2.57	2.40	(0.17)
Department Of Public Works	40.74	37.59	41.98	4.39
Dept Of Parks & Recreation	36.23	34.05	35.15	1.11
Judicial Agencies	13.24	14.06	13.71	(0.35)
Non-Departmental	96.16	106.72	99.53	(7.19)
Department Of Human Resources	5.51	6.05	5.95	(0.10)
Department Of Fire Services	79.66	80.26	85.39	5.13
Department Of Police Services	187.70	181.62	188.71	7.09
Dept Of Planning & Community Development	3.19	24.44	22.93	(1.50)
Department Of The Solicitor	6.65	6.66	6.58	(0.09)
Department Of Ethics	0.40	0.62	0.61	(0.01)
Atlanta Citizens Review Board	0.66	0.79	0.79	(0.00)
Department Of Audit	1.39	1.80	1.80	(0.00)
Department Of Public Defender	3.34	3.59	3.43	(0.16)
TOTAL GENERAL FUND EXPENDITURES	615.40	630.41	637.15	6.73

ATLANTA BUDGET EXPLORER



ATLANTA BUDGET EXPLORER (ABE)

ABE offers a transparent look at the city's revenues and expenses by four major fund groupings and by departments. ABE gives Atlantans the opportunity to interact with a graphical view of the city's finances.

Access ABE on the AtlantaGA.gov > DataATL

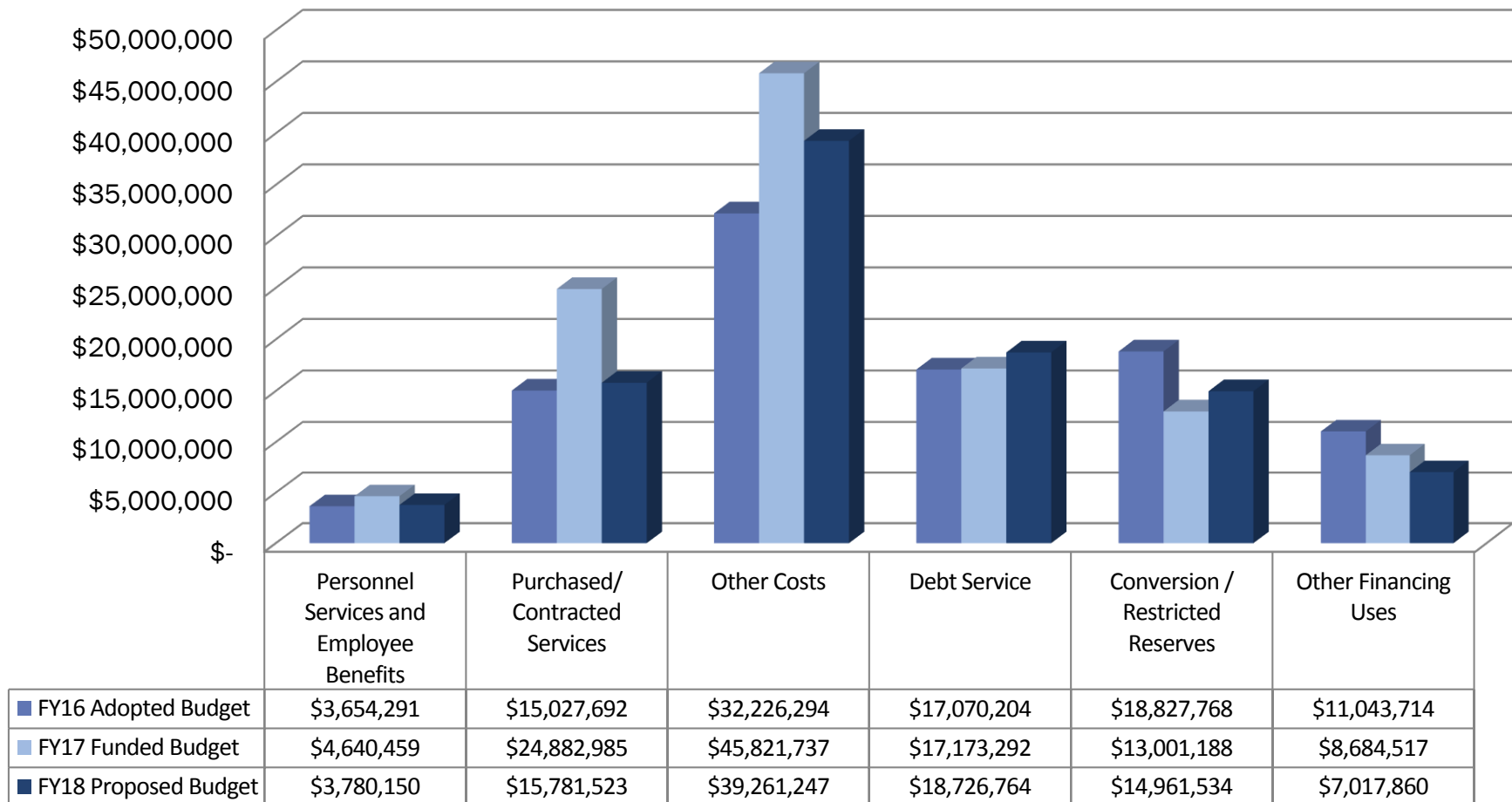
NONDEPARTMENTAL EXPENDITURES



NON-DEPARTMENTAL COMPARISON



Non-Departmental – 3 Year Comparison



*FY17 Funded Budget as of March 31, 2017

TRUST FUND



TRUST FUND OVERVIEW



- The Trust Fund is a fiduciary fund which accounts for activities where the City of Atlanta acts as a trustee for an individual or organization and utilizes funds for specific purposes defined in the trust agreements.
- The Trust Fund includes the Perpetual Care Fund which are reported as a single Special Revenue Fund -Expendable Trust – pages 145 -146 in the FY2016 CAFR.
- There are approximately 301 projects in Trust Fund and 96 Oakland Cemetery Projects in Perpetual Care Fund.
- Top fifteen projects make up 90% of the available fund balance as of February, 2017.
- Fund balance as of the close of March 2017 was \$34,762,443 .

TRUST FUND – TOP 15 PROJECTS

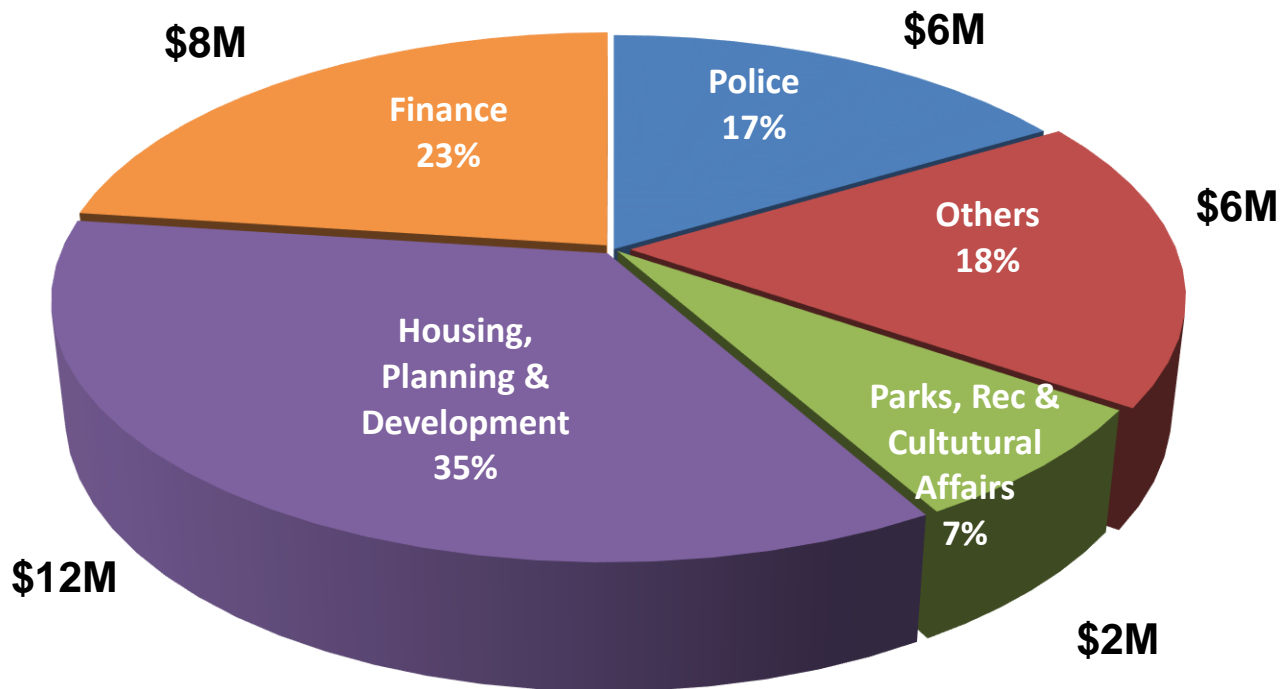


Project #	Project Name	Department	Project Balance
600013	TREE REMOVAL PROTECTION	Housing, Planning & Development	9,400,805
600115	CAR RENTAL TAX	Finance	4,404,276
600401	STREETCAR O & M	Finance	3,611,012
600234	FEDERAL-RICO	Police	2,357,876
600373	FEDERAL-RICO-TREASURY	Police	2,129,082
600308	CARE & CONSERVE TRUST FUND	Watershed Management	1,764,977
600388	Sustainability Project	Sustainability	1,684,007
600375	TECHNOLOGY SURCHARGE	Housing, Planning & Development	1,124,532
600369	R.I.C.O.-STATE	Police	1,105,737
600291	GEORGIA HILL NEIGHBORHOOD CENTER	Office of Enterprise Asset Management	619,380
200769	JAIL FUND ADMINISTRATION & CONSTRUCTION	Corrections	601,695
600404	Westside Future Fund	Housing, Planning & Development	600,000
600098	RED LIGHT CAMERA ENFORCEMENT PROGRAM	Public Works	583,760
600346	JAZZ FESTIVAL	Office of Cultural Affairs	567,682
600372	CHASTAIN AMPHITHEATER PARK IMPROV	Office of Cultural Affairs	544,884

TRUST FUND BALANCE BY DEPARTMENT



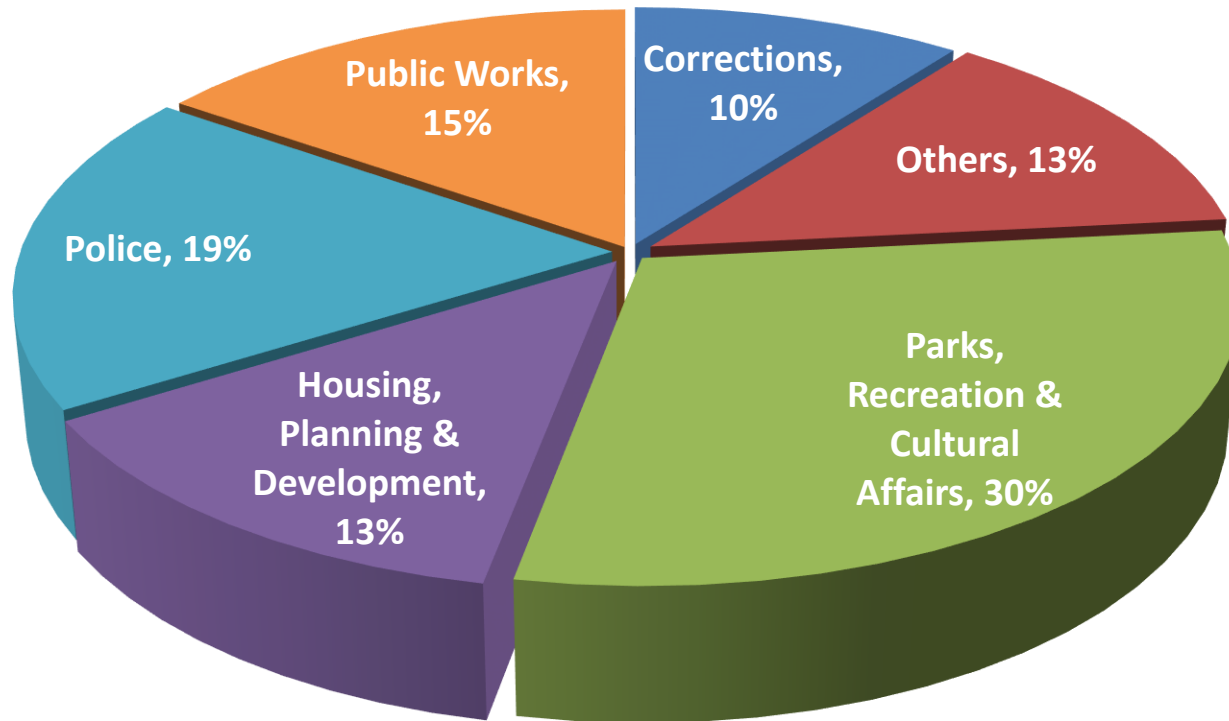
Total Trust Fund Balance As of March, 2017 was \$34M



TRUST FUND USE BY DEPARTMENT



Trust Fund Departmental Expenses as a Percent of Total FY14-FY16



Average Annual Trust Fund Expenses FY14 - FY16, \$18M

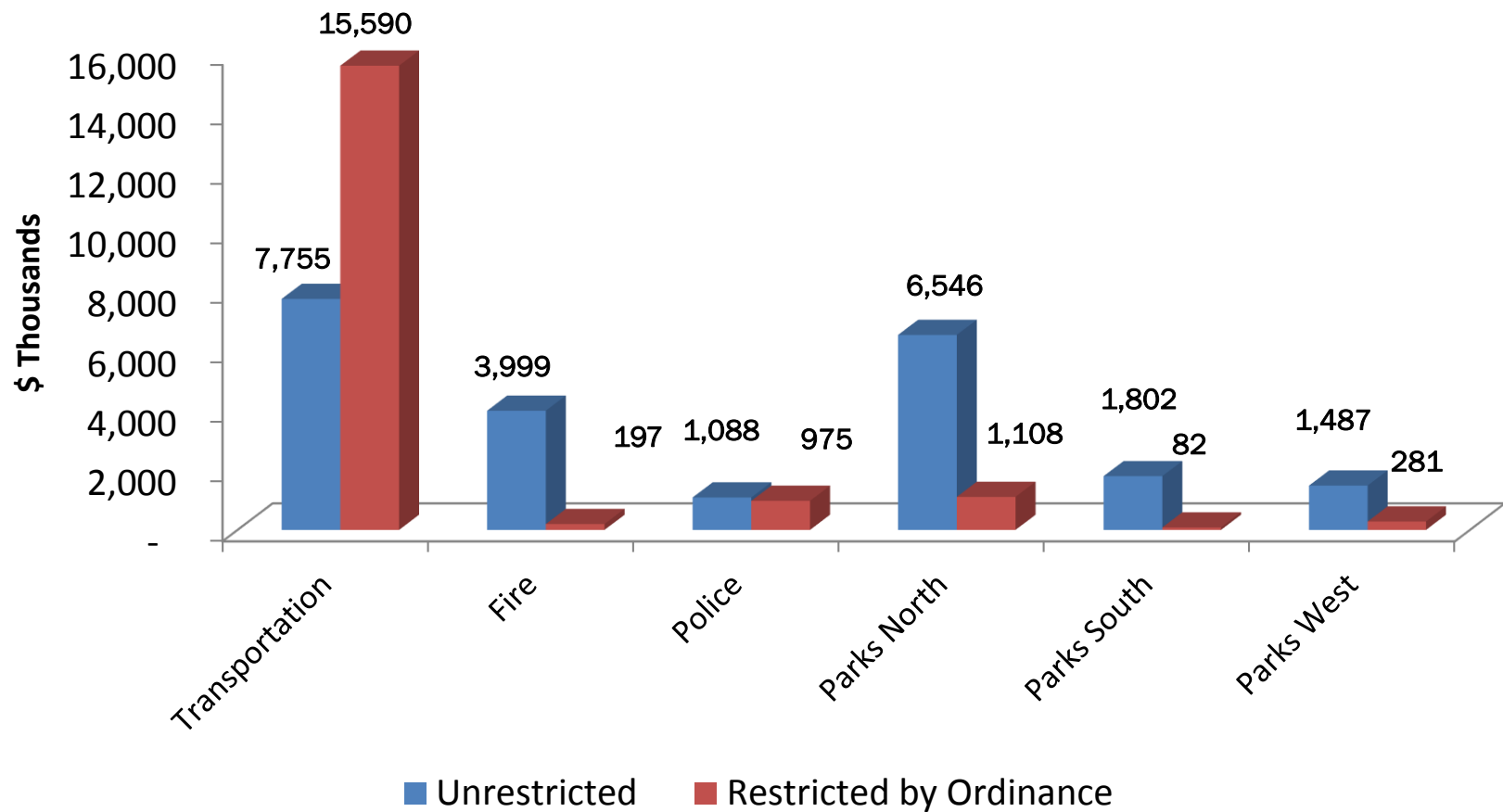
IMPACT FEES



IMPACT FEES



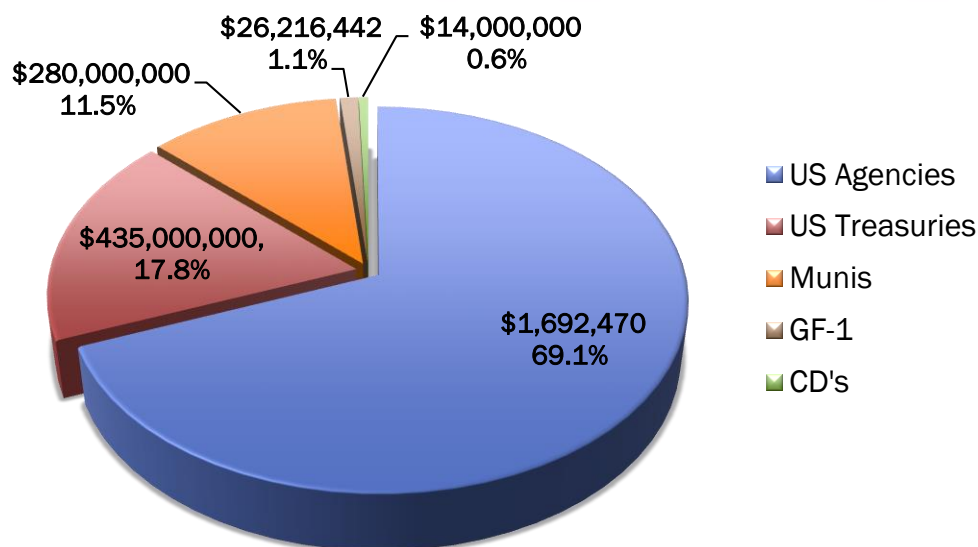
Impact Fee Fund Balances as of March, 2017 - \$41M



DEBT AND INVESTMENTS



INVESTMENT PORTFOLIO OVERVIEW



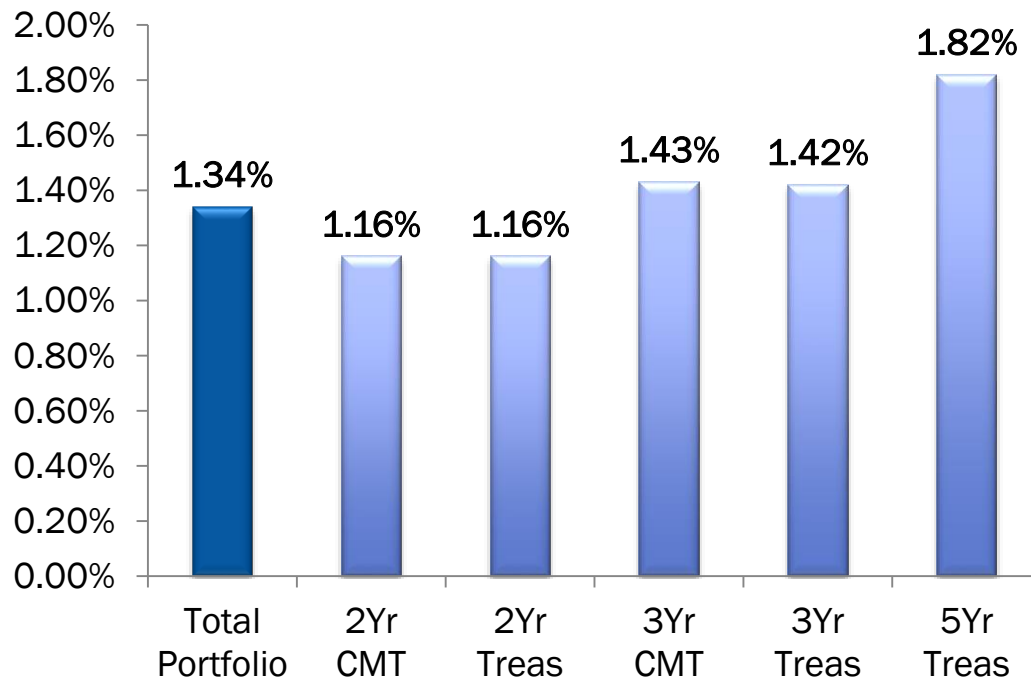
- The City of Atlanta's investment portfolio will total approximately \$2.45 billion and be comprised of the Cash Pool, APFC, Atlantic Station TAD, and Eastside TAD accounts
- The City's investment portfolio compared with same period 3Q'16 will show an overall increase of 9.5% or \$211.5 million

Security Type	3Q'17	% of Total Portfolio	3Q'16	% of Total Portfolio
Federal Agency Coupon Securities	\$1,692,470,000	69.1%	\$1,527,551,774	69.4%
Treasury Coupon Securities	\$435,000,000	17.8%	\$356,322,416	15.0%
Munis	\$280,000,000	11.5%	\$272,491,690	6.3%
Georgia Fund 1	\$26,216,442	1.1%	\$66,088,844	8.7%
Certificates of Deposit	\$14,000,000	0.6%	\$14,000,000	0.5%
Total Portfolio Investments	\$2,447,986,442	100.0%	\$2,236,454,725	100.0%

INVESTMENT PORTFOLIO OVERVIEW



Total Portfolio Yield vs. Benchmarks

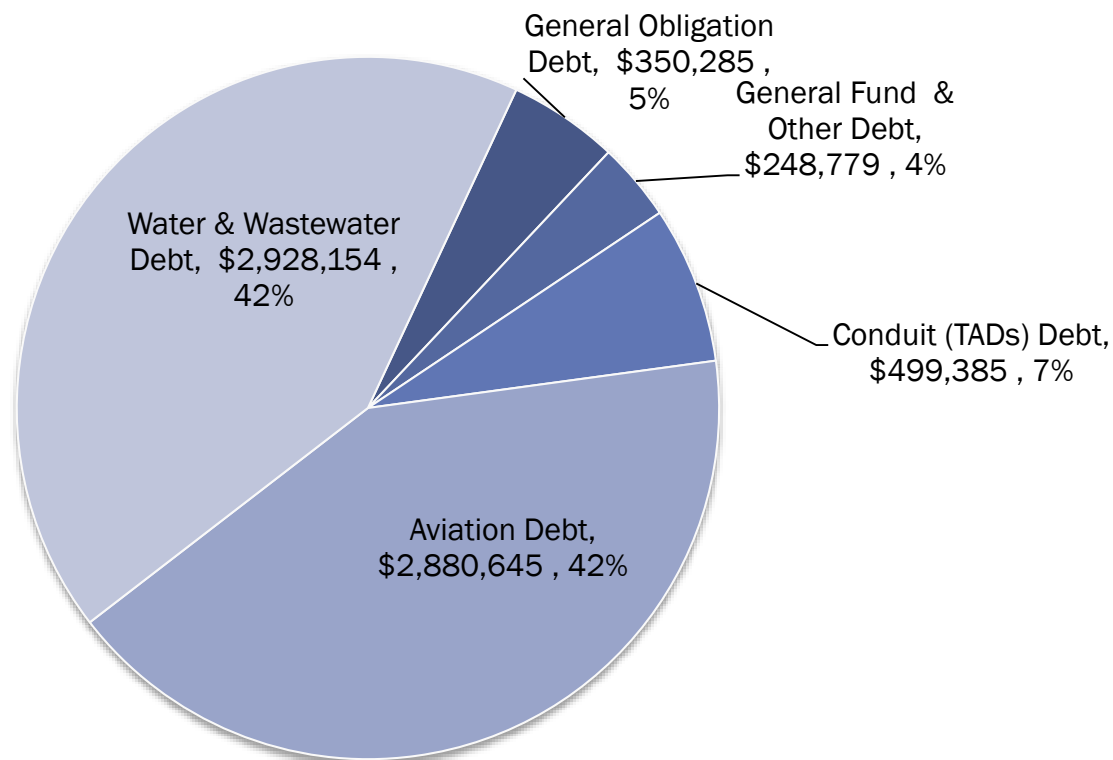


- During the nine month period, the City's total portfolio will yield 1.34%, which will outperform the 2-year benchmark and be on par with the 3-year benchmark.
- The effective duration as of March 31, 2017 for the total investment portfolio will be 2.42 years

FY18 DEBT PORTFOLIO OVERVIEW



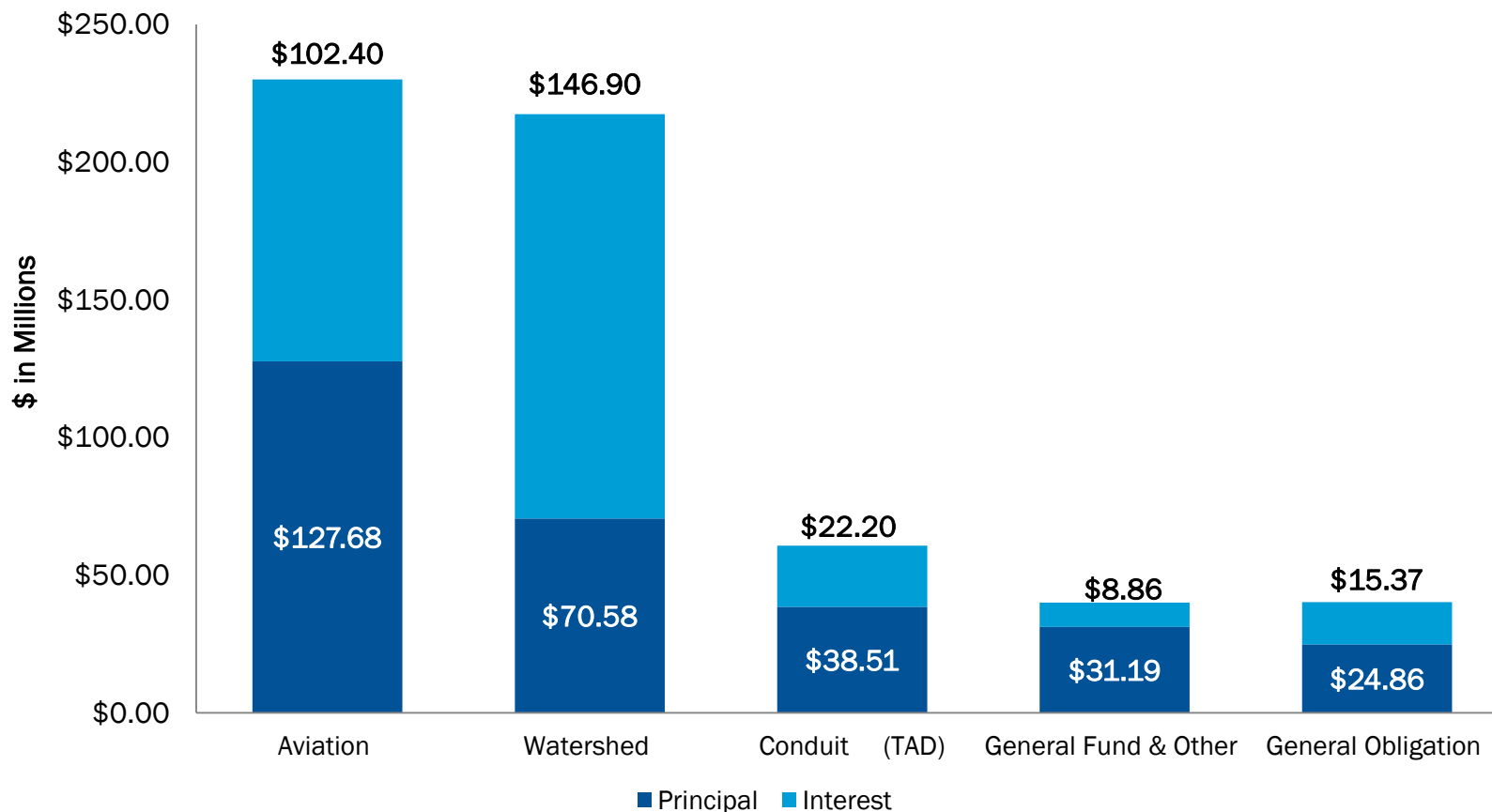
- At the start of FY18 the City's debt outstanding will be \$6.9 billion
- Total debt will consist of \$1.1 billion in General Obligation and other debt (General Fund, TAD and Conduit); \$2.9 billion in Aviation Revenue Bonds; and \$2.9 billion in Water and Wastewater Revenue Bonds and other obligations



FY18 DEBT PORTFOLIO OVERVIEW



- During FY18, the City will pay approximately \$588.5 million in debt service payments; \$292.8 million will go towards principal payments and \$295.7 million for interest





QUESTIONS & ANSWERS